GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2863
ANSWERED ON:02.08.2002
MEETING WITH WTO ON PRIVATISATION OF PSUS
MINATI SEN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether a high level team on behalf of Union Government has met in Geneva with the officials of World Trade Organisation recently and apprised them of the changes made in Trade and Commerce of India and also privatisation policy of the Union Government;

(b) whether in the said meeting, WTO officials have suggested that there should not be any control of Central Government on these PSUs, having failed and exhausted the wealth of the country;

(c) if so, whether these PSUs related to rail, transport, defence sectors; and

(d) if so, the details of the outcome of the said meeting?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a): The trade policies and practices of all the World Trade Organisation (WTO) Members are subject to periodic review by the Trade Policy Review Body (TPRB) which is composed of representatives of all the WTO MembersThis is provided for under Annex 3 of the Marrakesh Agreement establishing the WTO.The frequency of review is determined on the basis of the share of world trade of the Members in a recent representative period. The first four trading entities so identified (presently Canada, European Union, Japan and USA) are subject to review every two years; the next 16 are reviewed every four years. Other Members are reviewed every six years; a longer period may be fixed for least-developed country Members. India`s trade policy is reviewed after every four years. The third trade policy review of India took place in WTO on 19 and 21 June 2002 while the earlier one took place in 1998.The trade policy review meeting involved an appreciation of India`s trade policies and practices under three broad headings, namely, economic policies; trade policy regime; and sectoral policies. The discussions during this review was primarily based on two reports-one prepared by the WTO Secretariat and the other by the Government of India.The Commerce Secretary led the Indian delegation for this review meeting. The other members of the delegation were the concerned officers of the Trade Policy Division of the Department of Commerce, an officer from the office of the Director General of Foreign Trade, an officer from the Department of Economic Affairs and two officers from the Reserve Bank of India.The officers of the Permanent Mission of India in Geneva also constituted part of the delegation during the review meeting.

(b), (c): No, Sir. The WTO Secretariat Report, which was prepared by them for the Review consists of four chapters, which deals with economic environment; trade policy regime: framework and objectives; trade policies and practices by measure; and trade policies by selected sectors. Based on these four chapters, the Secretariat Report has an introductory section called `Summary Observations`. Para 14 of the Summary Observations of the WTO Secretariat Report had a printing mistake concerning the disinvestment policy of the Government of India. This gave an erroneous impression that India would reduce its equity to 26%, or lower in strategic companies, including those involved in the arms and ammunition, defence, atomic energy and railway transport sectors. The WTO Secretariat has since corrected this mis-print.The correction reflects the factual position that India is willing to reduce its equity in non-strategic companies upto 26%, or lower in some cases. The Chapter III of the WTO Secretariat has a section on State-owned enterprises, which has given information on different aspects of public sector enterprises including the schemes for their revival and the Government`s policy on disinvestment.

(d): The third trade policy review of India attracted a high level of participation and interest by the WTO Members.In her concluding remarks, the Chairperson of the WTO Trade Policy Review Body stated that this review meeting had led to a much better understanding of India`s trade policies and summed up the proceedings as follows: `...The large number of advance questions, numerous interventions (some 30) and the high level of attendance indicate the important role that India plays at the WTO. India was commended for its reform process, including trade liberalisation, and simplification of the trade and investment regime. However, I think we all agree that India needs to do more if growth targets are to be met and a serious dent is to be made in the still high rate of poverty. In this regard, Members gave India their full support for its efforts to reform the economy. Many Members added that these efforts would be greatly enhanced by steps on the part of India`s trading partners to reduce, if not remove, their impediments to India`s exports, especially in the context of new negotiations in line with the Doha Development Agenda (DDA).India has clearly stated its support for the WTO and the DDA but considers that if further progress is to be made, the onus remains on the developed countries to keep the promises made in Doha. This view was endorsed by many other Members, who look to India for leadership in these negotiations.` India also replied to the various questions posed by the WTO Members during the trade policy review.